Message Text

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INFO OCT-01 ISO-00 IO-13 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00 MCT-01 SIL-01 LAB-04 DHA-02 /086 W

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R 080615Z JUN 77 FM AMCONSUL MILAN TO AMEMBASSY ROME INFO SECSTATE WASHDC 5420

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E.O. 11652: GDS

TAGS: PFOR, PINR, PINT, PGOV, IT SUBJECT: CABLE FROM COMO

BEGIN SUMMARY - OMO IN MIDST CITY CRISIS AS PCI AND PSI PRESS FOR COMMUNIST INCLUSION IN GOVERNING MAJORITY ALONG PATTER LOMBARDY REGION. WHILE ECONOMIC SITUATION VERY GOOD, ALL SOURCES REPORT SIGNS OF TURN DOWN. DC, HELPED BY PERFORMANCE OF ANDREOTTI GOVERNMENT, APPEARS TO BE IMPROVING POSITION WHILE PSI WEAK. COMMUNISTS SAID TO BE UNDERGOING MAJOR CHANGE. PUBLIC ORDER MAJOR PREOCCUPATION FOR DESPITE END TO BANK ROBBERIES AND NO SIGNIFICANT POLITICAL TERRORISM, COMO HAS BEEN HIT BY FIVE KIDNAPPINGS THIS YEAR. POLICE HAVE CAUGHT KIDNAPPERS IN FOUR CASES BUT FIFTH VICTIM REMAINS UNRETURNED AND CASE UNSOLVED.END SUMMARY

1. CONGEN VISITED COMO, AN HOUR FROM MILAN, JUNE 7 AND INTERVIEWED PREFECT, POLICE CHIEF, CISL OFFICIALS, DC MAYOR AND DC PARTY SECRETARY, PSI SECRETARY AND OTHER PARTY LEADERS, PRESIDENT AND OFFICIAL INDUSTRIAL ORGANIZATION AS WELL AS LEADER OF PACE SETTING SILK INDUSTRY.

2. DURING PAST FEW DAYS CITY EXECUTIVE AT STANDSTILL AS CONFIDENTIAL.

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RESULT OF PCI REQUEST FOR GREATER ROLE IN CITY GOVERNMENT. PSI, WHICH WITH DC AND PSDI FORM CITY MAJORITY, BACKED PCI AND PARTIES NOW WRESTLING WITH PROBLEM. BRIGHT, YOUNG, DC MAYOR SURPRISED AND DEPRESSED BY PSI DECISION. HE CONTENDED CITY HAD NO REAL PROBLEMS BEYOND POLITICAL JOCKEYING. COMO IS WEALTHY, WELL RUN AND ONE OF RARE CITIES OPERATING IN BLACK. DC HAS 18 OF 40 CITY COUNCIL SEATS AND DID VERY WELL

IN JUNE 1976 NATIONAL ELECTIONS. PCI HAS ONLY NINE SEATS BUT GAINED SHARPLY WHILE PSI DROPPED AND HOLDS CRUCIAL FIVE SEATS.

- 3. NEXT SIGNIFICANT POLITICAL TEST WILL COME JUNE 12 WHEN WARD COUNCILS WILL BE ELECTED. IF TURN OUT EQUALS 80 PERCENT OR MORE, LOCAL OBSERVERS BELIEVE IT WILL BE ACCURATE MEASURE LOCAL ATTITUDES TOWARD PARTIES.
- 4. DC LOOKS AND ACTS CONFIDENT. PROVINCIAL SECRETARY IS YOUNG, LEFT WING AND NEW TO JOB. MAYOR IS OLDER EXPERIENCED LAWYER WITH DIRECT, COMPETENT APPROACH. BOTH AGREE THAT LOCAL DC GAINING GROUND WITH INCREASED NUMBER VOLUNTEERS AND BENEFITING FROM IMPROVED DC IMAGE IN ROME. THIS IS IN SHARP CONTRAST TO COMPLAINTS ABOUT PERFORMANCE OF ROME LEADERS HEARD FROM COMO DC BEFORE ELECTIONS. MAYOR LAMENTS ABSENCE OF COMUNIONE AND LIBERAZIONE GROUP WHICH HAS BEEN VERY SUCCESSFUL IN NEARBY LECCO AND IS ONLY DC ORGANIZATION ABLE APPEAL TO YOUNG PEOPLE. WHILE DC LEADERS BEMOANED PSI RADICALISM AND SAID IT MUCH EASIER WORKING WITH COMMUNISTS, THEY DENY THAT THEY WILL SUCCUMB TO THIS TEMPTATION.
- 5. SOCIALISTS DOWNCAST BY JUNE 76 ELECTION SETBACK AND SAY ERRORS IN NATIONAL LEADERSHIP COST THEM DEARLY. COMO FEDERATION'S SUPPORT FOR DRAWING PCI INTO RESPONSIBILITY FOR GOVERNMENT SEEMS UNDIMINISHED. WHILE YOUNG PROVINCIAL SECRETARY AND MP FERRARI ARE NOT IMPRESSIVE, PARTY WORKER FROM PLANT LEVEL CERTAINLY WAS. A REMARKABLE MARXIST IDEOLOGIST, LATTER REPORTED MAJOR CHANGE IN PCI LOCALLY. HE CLAIMS THAT PARTY CONFIDENTIAL.

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INDOCTRINATION OF YOUNG IS TOTAL DEPARTURE FROM MARXIST-LENINISM AND IN SHARP CONTRAST TO PREVIOUS APPROACH. HE ARGUES THAT YOUNGER GENERATION IS LIBERAL DEMOCRATIC IN ORIENTATION AND INCREASINGLY DIVIDED FROM OLDER PARTY LEADERSHIP. IN SUM, COMO SOCIALISTS FAR FROM PRO-PCI, BELIEVE THAT PROCESS OF BREAKING PCI AWAY FROM SOVIET UNION AND CHANGING AUTHORITARIAN CHARACTER OF PARTY IN FULL SWING, AND SAY THAT SOCIALIST ROLE IN PROCESS ESSENTIAL EVEN IF END RESULT IS EVENTUAL DISAPPEARANCE OF PPSI BECAUSE PCI HAS BECOME SOCIAL DEMOCRATIC.

6. SIGNIFICANT CHANGE OCCURRING WITHIN PCI REPORTED BY DC SECRETARY AS WELL WHO CLAIMED TO BE ABLE DISTINGUISH THREE FAIRLY PERSISTENT FACTIONS - A TOTAL INNOVATION.

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7. TERRORISM MAJOR CONCERN. PREFECT AND POLICE CHIEF POINT TO CONSTANTLY CHANGING ALLIANCES OF UNDERWORLD TO CARRY OUT KIDNAPPINGS. SOCIALISTS MORE CONCERNED WITH POLITICAL TERRORISM THAT THEY BLAME ON DC. SUCH VIOLENCE SO FAR ABSENT IN COMO WHILE KIDNAPPINGS ON INCREASE.

8. COMO ECONOMIC SITUATION EXCELLENT IN 1976 AND FIRST QUARTER 1977. NOW, HOWEVER, ALL SEEM TO SEE EVIDENCE OF TURN DOWN LATER IN YEAR. TEXTILES, WHICH VERY IMPORTANT, HAVE HAD DROP IN ORDERS AND WHILE MOST PLANTS STILL WORKING AT FULL STEAM, THERE IS INCREASE IN UNCERTAINTY. (IMPORTANT TO NOTE, HOWEVER, THAT OUR ITALIAN CONTACTS ALMOST INVARIABLE EXPECT DISASTER AROUND THE CORNER AND FREQUENTLY REPORT LAST YEAR TO HAVE BEEN BETTER THAN JUDGED AT THE TIME.)

9. RANCO SITUATION SEEMS TO MAKE ALL HAPPY. THIS US-OWNED FIRM HAD CLOSED PLANT AND FIRED SOME 800 EMPLOYEES IN 1975. AFTER CONSULATE, PREFECT AND EMPLOYERS WENT TO WORK ON UNIONS, PSI AND RANCO US MANAGEMENT, COMPROIMSE WAS FOUND ENABLING PLANT TO REOPEN AND NOW UNIONS, PREFECT AND INDUSTRIALISTS SAY ALL IS FINE WITH MUCH IMPOROVED LABOR/MANAGEJMENT RELATIONS.

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10. CISL AND OTHERS POINTED TO PHENOMENON THAT UNIONS AND LEFT WING PARTIES DEEPLY OPPOSE BUT THAT MAY BE SIGNIFICANT HARBINGER. COMO STATISTICS SHOW THAT IN LARGE PLANTS, SIZE OF LABOR FORCE IS IN SHARP DECLINE. AT SAME TIME NUMBER OF

SMALL, ARTISAN AND HOME PRODUCERS INCREASING. THIS DISMAYS UNIONS WHO CLAIM IT IS TACTIC BY EMPLOYERS TO ESCAPE UNION WAGES, SOCIAL SECURITY, TAXES AND HEALTH/SAFETY REGULATIONS.

11. THESE ARE CERTAINLY MOTIVES FOR FARMING OUT WORK BUT SO IS DESIRE ESCAPE UNION POWER TO CONTROL LABOR FOR BARGAINING AND TO ESCAPE BURDEN OF ABSENTEEISM BY SUB-CONTRACTING. WHILE WE DO NOT HAVE RESOURCES TO MAKE ADEQUATE STUDY OF PHENOMEN, IT WOULD APPEAR FAIRLY WIDESPREAD IN NORTHERN ITALY AND COULD HAVE IMPORTANT POLITICAL IMPLICATIONS IF IT TAKES HOLD.

12. AT EVERY TURN CARTER ADMINISTRATION GIVEN FRIENDLY RECEPTION, INCLUDING BY SOCIALISTS, WITH PARTICULAR PRAISE FOR SPEAKING UP IN DEFENSE HUMAN RIGHTS.

13. COMO, IN SHORT, IS PROSPEROUS, BUSY, OUT OF THE MALESTROM OF URBAN VIOLENCE AND COPING.FINA

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